

Before the Appropriations Committee of the Connecticut General Assembly
Wednesday, February 18, 2009

Testimony of Deborah Chernoff
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Good afternoon, Senator Harp, Representative Merrill and members of the
Appropriations Committee.

My name is Deborah Chernoff and I serve as Communications Director for the New
England Health Care Employees Union, District 1199.

As you know, our union represents more than 20,000 health care workers, including
more than 8,000 who work directly for the State of Connecticut, 3,000 who work for
private agencies that subcontract with DMR, DMHAS, DCF and other agencies and
7,000 in Connecticut nursing homes.

I am testifying today because of what has been frozen or excised entirely from the
Governor's proposed budget: funding for essential health care services. As I know you
have been hearing from citizens and advocates and your own colleagues, her proposal
does not provide even minimal support for health care and services to Connecticut
citizens challenged by poverty, developmental disabilities, mental illness or, speaking to
tonight's focus on the Department of Social Services, age and frailty. Unless you act to
address that shortfall, you will critically weaken health care and support for the most
vulnerable members of our community.

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Moreover, health care services and providers are part of the critical infrastructure of our struggling economy. To weaken health care services will damage that economy even further at a time when the un- and under-employed are losing their private employer health insurance and will need those services more than ever.

The Governor's budget is structured around the false notion that slashing services will save so much money that, while it may cause pain to some "special interests" or unlucky individuals and families, it will be without real economic consequences and so be good for us, on the whole, as a state. There is so much economic data to contradict this notion, so many experts who believe that government spending is an essential component of economic recovery, that it would hardly be worth beginning this argument, were it not for the fact that this idea has traction as the way to support her "no new taxes" pledge.

Across the entire spectrum of care in our state, health care providers have been short-changed for years on the actual costs of care for Medicaid patients; health care consumers in our nursing homes have been cheated of the quality of care they deserve, and the job security and standards of the members of our union who work in long-term care is threatened. Nursing homes depend heavily on Medicaid; while Connecticut facilities average 68% Medicaid, there are 66 nursing homes where 75% or more of the residents depend on Title XIX to pay for their care. Those homes, most of which are located in urban centers like New Haven, Hartford, Bridgeport and Waterbury, are

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particularly vulnerable in this budget, since they have no other source of income to make up the shortfall. In 2007, the American Health Care Association found that, on average, Medicaid reimbursement fell more than \$13/day short of the actual cost of care for Medicaid patients; in Connecticut, it was closer to \$17 per patient per day. Last year, The New Coleman Park in Bridgeport closed; at 96% Medicaid, it was simply unable to continue to provide services to the population it served, many of whom were disabled and would have been homeless had it not been for that nursing home. Under this budget, that fate will befall hundreds, maybe thousands, of nursing home residents across the state, taking with it the jobs and safety net of working families in Connecticut away as well.

The current facts are stark: ten nursing homes are now in state receivership, making Connecticut the third-largest nursing home operator in our state, six are in bankruptcy, one just closed and two will close within a few weeks. This is, of course, a tragedy for the individuals involved, staff and residents alike, but it also is a severe blow to the economies of the cities and towns where these businesses are located, paying taxes and providing what were considered to be steady, quality jobs with, at least in the case of unionized facilities, health insurance and retirement benefits. These businesses are also economic engines, providing indirect jobs and spending money at other local businesses. This is the case in the town of Griswold, (see attached news coverage), which has a population of about 12,000 and is losing 150 good jobs directly and many more that depend on those jobs, as well as its only skilled nursing facility. As was attested to in the

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public hearing held earlier this month at the Griswold Health and Rehabilitation Center, the facility requires physical plant improvements which cannot be covered by the current daily Medicaid reimbursement rate. Everyone who spoke at the hearing praised the quality of care and spoke persuasively of the extreme economic damage that will be caused to the local ambulance company, the pizza parlor and the neighborhood florist, to say nothing of the heartbreak of residents evicted against their will, families who must travel long distances to visit loved ones, and other families who are losing their health insurance, their income and their ability to contribute to the town tax base.

This year, the budget included no additional funding for nursing homes. The proposed budget from the Governor you are now considering continues flat-funding for the next two years – which is technically not a cut - but it goes even further. Governor Rell has excised from the statutes a requirement that nursing home Medicaid rates be “re-based” to adjust for cost increases no less often than every four years. Under current law, that rebasing would occur in FY 09. By the Governor’s own estimate, costs for nursing home service providers rose more than 9% since the last time they were rebased; rewriting the statutory requirement allows her to claim millions of dollars in “savings” – at the expense of our elderly and disabled residents, our jobs, our families and our communities. This is not simply flat-funding; this is a cut to essential health care services to the people who have few or no choices about where to get their care. Since nursing home operators can’t stop serving food or just shut off the lights, the only place they can cut is by slashing our hours or eliminating our jobs. We are already

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experiencing layoffs and/or drastic hours cuts in many of our facilities; not a day goes by without a new notice of impending layoffs, including layoffs of direct caregivers. Even when nursing homes try not to make any cuts in nursing care, cuts in dietary, laundry and housekeeping also hurt. Certainly they hurt our members and their families, but they hurt nursing home residents as well, eroding their quality of life. Food is delivered later and colder, rooms can't be cleaned as thoroughly or frequently. Zeros in the next two year budget cycle, coupled with eliminating rebasing and sharply rising costs for food and energy, will bring further layoffs, worsen the quality of life and of care, trigger more nursing home bankruptcies, and further dismantle a system that is already broken.

If this sounds familiar, it should: its déjà vu all over again, as one of our great philosophers liked to put it. But we have to take the risk of repeating ourselves because as a state, we keep acting out the same scenario and hoping for different results. This year, however, is different in this way: Connecticut citizens won't need to be employed by a nursing home or even have a family member or friend who resides in one to feel the effects. According to a recent study by the Lewin Group, Connecticut's nursing homes generate \$1.4 billion in local, state and federal tax revenue; contribute to approximately 94,000 jobs – 62,700 in health care, the rest in manufacturing, retail, real estate, construction, finance, insurance, scientific services and many other industries; and support \$7.8 billion in revenue and \$4 billion in labor income.

The Governor's budget proposal will trigger a catastrophic failure of our system of long term care in Connecticut, where the state is not only the biggest "customer," but also the price-setter and regulator. Everyone will feel the effects: this is the polar opposite of the stimulus our state needs.

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The budget proposal laid out by Governor Rell would fatally damage the very heart of health care in Connecticut. On behalf of our resident and their families, and our members and their families, our neighbors and our neighborhoods, we are asking the Appropriations Committee to recognize the need to strengthen and restore that heart, by giving us the resources to do the work that has been set before us.

Care costs money, even at a time of unprecedented budget shortfalls; it won't stop costing money because we haven't budgeted for it nor will our parents and grandparents stop needing it because we claim we can't afford it. We're asking you to act decisively and boldly to invest in the fundamental health care needs of Connecticut's 28,000 plus nursing home residents, the thousands of dedicated caregivers who struggle against the odds and a broken system every day to meet those needs and the thousands more of Connecticut citizens who need a boost, not a blow, to recover from our shared economic disease. Thank you.